

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,                    ) Application No. C-3100  
on its own motion, to determine                    )  
the surcharge for the statewide                    ) ORDER SETTING SURCHARGE  
Telecommunications Relay System                    )  
to be effective July 1, 2003                        )  
State of Nebraska.                                    ) Entered: March 16, 2004

BY THE COMMISSION:

B A C K G R O U N D

The above-captioned proceeding was opened by the Commission, on its own motion, to determine the appropriate surcharge for the statewide Telecommunications Relay System (TRS) to be effective July 1, 2004. The Commission is charged by statute to hold an annual public hearing, prior to April 1 of each year, to determine the amount of surcharge necessary to carry out the provisions of the Telecommunications Relay System Act (Neb. Rev. Stat. § 86-1301 to 16-1307 (Reissue 1999)). The surcharge is used to fund the TRS and the Equipment Distribution Program (EDP) for the coming year.

Notice of the application and hearing appeared in The Daily Record, Omaha, Nebraska, on February 4, 2004.

O P I N I O N   A N D   F I N D I N G S

Steve Stovall, staff accountant for the Commission's Communication Department testified that Hamilton Telecommunications (Hamilton), which has the current contract for provision of TRS service in Nebraska, provided annual usage statistics since 1991, when operations began.

Mr. Stovall presented an exhibit projecting the surcharge remaining at seven cents and lowering it to six cents for the July 2004 through June 2005 fiscal year. By applying projected growth factors and based on a five-year historical average of usage, Mr. Stovall was able to estimate the amount of money each surcharge level would generate. Mr. Stovall also included estimated costs for the service and equipment associated with a new technology called Captioned Telephone (CapTel) proposed by Hamilton. Based on those projections, Mr. Stovall recommended that the surcharge remain at seven cents beginning July 1, 2004.

Mr. Stovall testified that growth in relay minutes has "leveled" off and that participation in the EDP remains consistent as compared to previous periods. Mr. Stovall also explained that relay costs would

increase if the contract is amended to offer CapTel service thereby increasing total relay system costs for the forecasted period. Further, in addition to new households applying for the EDP, previous participants who have received assistance

than five years ago when the program started can now reapply. He also described database programming enhancements, which have automated the process by which unredeemed vouchers can be tracked and new vouchers issued providing closer monitoring of the program. Mr. Stovall indicated that members of the Relay Advisory Committee were provided a copy of his forecast and they support leaving the surcharge at its current level.

Mr. Gary Warren testified on behalf of Hamilton regarding the nature of the proposed CapTel service and the timeline for implementing the program.

The Commission finds that the recommendations of Mr. Stovall are reasonable and that the surcharge should remain at seven cents. The Commission has traditionally held that a minimum reasonable reserve level should be approximately equal to two or three months of total program costs. The forecasted reserve at the seven-cent surcharge level would be within this range.

The Commission finds based on the testimony and evidence adduced at the hearing that the surcharge should remain at seven cents.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that, pursuant to the Telecommunications Relay System Act, the surcharge remain at seven cents per access line for the period beginning July 1, 2004.

IT IS FURTHER ORDERED that all affected telecommunications companies are hereby required, beginning July 1, 2004, to collect a seven-cent surcharge per month on each telephone access line in Nebraska, provided that the surcharge shall be only collected on the first one hundred access lines per customer.

MADE AND ENTERED at Lincoln, Nebraska, this 16th day of March, 2004.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director